8. If costs for regional or local STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs.

Response: SWBT did not include the costs of its local or regional STPs in its exogenous costs.

9. For each of your company's SCPs, list and describe each service that is supported by that SCP (*i.e.*, 800 data base, LIDB, virtual private networks, wide area Centrex or unrelated administrative functions). Provide a diagram of the equipment in an SCP installation typical for your company.

Response: SWBT's has two SCPs in Kansas City, Missouri. Both support 800 data base (800 NPAS and 800 MaxiMizer) and LIDB. SWBT has two SCPs in Austin, Texas. This pair only supports 800 data base (800 NPAS and 800 MaxiMizer). Attached as Exhibit A is a diagram of a typical SWBT SCP.

10. If costs for the SCP are allocated among the functions described above, explain your allocation procedures and provide your allocation factors and how these factors were derived.

Response: SWBT did allocate the costs associated with the Kansas City SCP pair between 800 data base and LIDB as shown immediately below.

1.	The total SCP investment in the Kansas City SCPs is: (D&J pages 3-1 and 3-2)	$2,865,006
2.	The 800 services portion of the Kansas City SCP pair is:	Input to COST Pg 3-4 of D&J $1,788,050

3.	The total SCP expense in the Kansas City SCPs is:	1991	$ 780,700
		1992	$ 915,686
		1993	$1,149,633
		1994	$1,231,883
		Total	$4,077,902
4.	The 800 services portion of the Kansas City SCP pair is:		
		1991	$ 487,235
		1992	$ 571,480
		1993	$ 717,486
		1994	$ 768,818
		Total	$2,545,019

5.	Present Value of 1/2 of 1991 expenses (first half of 1991 expenses recovered under initial price cap rates) (Line 4-1991 x .5 Years x 1.2376563 PV)	Input to COSTS Pg 3-4 of D&J	$301,515
6.	Present Value of 1992 expenses (Line 4-1992 x 1.1125 PV)		$635,771
7.	1993 Expenses (Line 4-1993)		$717,486
8.	1994 Expenses (Line 4-1994)		$768,818

Note 1: The development of the allocation factor between LIDB and 800 services is based on 1992 actual LIDB queries and 1992 actual 800 minutes of use converted to queries.

		% Distribution
Total SWBT LIDB Queries - 1992 Actuals	494,358,123	37.59%
Total 800 MaxiMizer Queries - 1992 Actuals for the states of Arkansas, Kansas, Missouri and Oklahoma.	5,594,630	
Total 800 Access Minutes of use Converted to Queries - 1992 Actuals. For the states of Arkansas, Kansas, Missouri and Oklahoma.	815,170,309	
Total LIDB & 800 Queries	1,315,123,062	
Total 800 Queries	820,764,939	62.41%

Appendix C Items: The Bureau staff has requested SWBT to respond to the following questions concerning the 800 Service Management System (SMS/800) rates that became effective on May 1, 1993, and any subsequent rate revisions.

I. **COSTS**

QUESTION 1. For the Kansas City Data Center and for all other Southwestern Bell data centers, provide, by category, e.g., administration, product development, and by Part 32 account, the total annual costs incurred for the year ending December 31, 1992.

Response: Attached to SWBT's Direct Case as Exhibit C is a copy of the costs incurred by the Kansas City Data Center (KCDC) for 1992. The categories in which the expenses have been broken down are used in the billing and budgeting process by the KCDC. These are the only available categories in which these expenses can be reflected. (1992 figures include expenses incurred on behalf of a project called Sampled Traffic Analysis and Reports System (STARS) that was terminated at the end of 1992.) Information on other Southwestern Bell data centers has not been provided consistent with discussion with the Federal Communications Commission (FCC) staff. The St. Louis information represents the backup facility function for SMS/800.

QUESTION 2. For the Kansas City Data Center and all other Southwestern Bell data centers, provide, by category and Part 32 account, a projection of the total annual costs for each year used in your representative period.

Response: SWBT is submitting by separate letter, and requesting confidential treatment for, a projection of the KCDC costs for 1993 through 1997. The categories in which the expenses have been broken down are used in the billing and budgeting process by the KCDC. These are the only available categories in which these expenses can be reflected. Information on other Southwestern Bell data centers has not been provided consistent with discussion with the FCC staff.

QUESTION 3. For the Kansas City Data Center and the St. Louis Data Center provide, by category and by Part 32 account, the regulated and unregulated costs incurred for the year ending December 31, 1992.

Response: Same as for question 1.

QUESTION 4. For the Kansas City Data Center and the St. Louis data center, provide, by category and by Part 32 account, a projection of the regulated and unregulated costs for each year used in your representative period.

Response: Same as for question 2.

QUESTION 5. List and describe each regulated and unregulated service, including SMS/800 service, supported by the Kansas City Data Center and by the St. Louis Data Center prior to the introduction of 800 number portability on May 1, 1993.

Response: Before 1993, FrameMate℠ and TNDS/EQ (described below) were the only unregulated projects provided to outside clients. A percentage of these two applications was classified as

regulated, because a limited amount of service was offered to internal SWBT clients. In 1993, the regulated portions of FrameMate℠ and TNDS/EQ remain as regulated services, along with LECTORS (described below) and some miscellaneous minor services provided for SWBT.

On January 1, 1993, a majority of the services offered by KCDC were reclassified from regulated to unregulated, because these services were being marketed and managed as a "line of business" and could no longer be considered incidental regulated businesses. SWBT determined that all services not provided internally would be classified as unregulated.

A small portion of the KCDC costs include disaster recovery hardware (located in St. Louis) for the SMS/800 service. The expenses for this equipment are less than 1% of the total expenses of the St. Louis data center. All other systems located in St. Louis are not addressed herein, because they are not relevant to the SMS/800 application. This has been discussed with the FCC staff. Listed below are the unregulated and regulated services that currently reside in the KCDC, followed by a brief description of the service:

A. **SMS/800 (Unregulated).**

SMS/800 data bases contain all of the current 800 customer record information. This information can include the following:

(1) Actual 800 number, such as 800-EAT-FAST;

(2) Translation to actual termination number, such as 314-333-6666 (Records can also contain other termination numbers depending upon time of day, day of week, and location of call);

(3) Carrier to which 800 number is assigned;

(4) Miscellaneous data, or spare numbers reserved for future use.

The flow of an ordinary 800 call would proceed as follows. A customer dials an 800 number, activating the 800 service network. A "hook" in the central office, through number translation, will route the call to an SSP, an office with special 800 capabilities, which will process calls requiring remote data base translation. SSPs send the 800 request to a remote data base called an SCP. SMS/800 ensures that the SCPs contain only the most current customer records. The SCP will translate the 800 number into the correct termination number. Clients include Regional Bell Operating Companies (RBOCs), Independent Exchange Carriers (IECs), and Interexchange Carriers (IXCs).

The KCDC provides database administration, operational and network support for the SMS/800 application, which must be available 24 hours per day, 7 days per week, 365 days per year. St. Louis provides backup data center facilities.

B. **IS NET (Unregulated).**

IS NET (Interim Solution Network) was a replacement for the AT&T BIN (Bell Information Network), providing high speed bulk transmission of data between Bellcore and the RBOCs. Kansas City Data Center acts as a hub for IS NET. Examples of the type of data transmitted are: CMDS (Centralized Message Distribution System) messages to/from KCDC and the RBOCs, software releases from Bellcore to the RBOCs, and TNDS/EQ software releases from KCDC to the RBOCs. KCDC provides network support for IS NET, including

coordinating the installation of new circuits, monitoring the network, and trouble shooting network problems. Clients are RBOCs, Southern New England Telephone Company (SNET), Cincinnati Bell (CBT), IECs and IXCs.

C. **CMDS (Unregulated).**

CMDS is a family of applications consisting of CMDS-1, CATS, CABS, 800 NSS, 800 SES, MPBS, and IC-CATS. A description of each application follows:

CMDS-1 (Centralized Message Distribution System 1). This application processes outcollect messages (Collect, Third Number and Calling Card) for interexchange among LECs.

CATS (Calling Card and Third Number Settlement System). This system tracks revenues for RBOC related intraLATA messages. The system balances "debits" and "credits" among the RBOCs, tracking "billed" and "returned" message revenue belonging to a RBOC, as well as "billing" and "collection" charges by the billing company.

CABS (Carrier/Customer Access Billing). This system bills IXCs for local access associated with originating or terminating interLATA calls.

800 NSS (Network Support System). This system distributes information from AT&T to LECs for population of 800 data bases.

800 SES (Service Exchange System). This system bills 800 service via Comptrollers Fix 1 (CF1), using originating service records to determine a customer-level jurisdictional ratio, which is then applied to accumulated terminated usage prior to the calculation of charges.

MPBS (Meet Point Billing System). This system is a billing accessing service (via CABS) provided to an IXC by two or more Exchange Carriers or by one Exchange Carrier in two or more jurisdictions.

IC-CATS (Interexchange Carrier-Credit Card and Third Number System). This system provides reports to AT&T for journalizing earned revenue, state and local taxes for Intrastate Calling Card, and Third Number messages originated in one state and billed in another state.

The KCDC provides application software maintenance and enhancements, client support, application test support (application and user test), and operational support for the application. Clients are RBOCs, SNET, CBT, IECs and IXCs.

D. **NDS/EQ--Analog (Regulated and Unregulated).**

TNDS/EQ (Total Network Data System/Equipment) contains three sub components: ORRS (Online Record and Reporting System), TDAS (Traffic Data Administration System), and LBS (Load Balance System).

TNDS/EQ collects, administers and processes network data based on measurements (i.e., peg count, usage, overflow) gathered from traffic measuring devices in central offices. The measurements are combined with equipment descriptions and traffic parameters as supplied by TNDS/EQ coordinators and users.

TDAS assists in the scheduling, screening, validating and summarizing of traffic data. TDAS will process only requested data; excess data is dropped from the system, which reduces processing time and costs.

ORRS consists of application software and Information Management System (IMS) data bases that function as an online component of TNDS/EQ. ORRS's primary functions are TNDS/EQ record base inquiry/update and report image viewing.

LBS is a batch processing system designed to mechanize the computation of Load Balance Indices, which indicate the degree that customer lines are balanced across the switching equipment. It assists Network Administration in the performance of their line assignment functions.

The KCDC provides application software support for six RBOCs, SNET and CBT. One software release per year is scheduled with intermediate releases sent as emergencies or SOE (Standard Operating Environment) changes occur. KCDC provides not only software maintenance, but also field support.

E. **NDS/EQ--Digital (Regulated and Unregulated).**

NDS (Network Data System) consists of three sub components: TIDE (Traffic Information Distributor and Editor), FLEX (FLEXible Reporting) and Data Routing Collection Machine Scheduling Interface (CMSI) data link, report link and Report Distribution Subsystem (RDS).

The data base system used by TIDE is DB2 (Data Base 2), which accepts sectionalized traffic data in TR-19 format from any type of switch, edits, summarizes, labels and packages the data for downstream applications. Data sent to TIDE are validated, screened, then loaded to the Measurements Tables where they are held. The data contained in the tables can then be extracted for use by various downstream applications.

FLEX is a user programmable system which allows Bell Operating Company personnel to define and generate reports containing Traffic Data, Machine Load and Service Summary results. The FLEX data bases are managed by the Focus Data Base Management System.

CMSI (Collection Machine Scheduling Interface) affects ORRS and TDAS. CMSI is a mechanized procedure for communicating to the data collection system information about downstream requests for data in advance of the real-time process. It provides more efficient data management by eliminating extraneous data at the collection machine level.

KCDC provides application software support for the RBOCs (except Pactel), SNET and CBT. One software release is scheduled per year. Intermediate releases will be sent to handle emergencies and SOE changes. The KCDC provides a Field Support Group to handle user and Electronic Data Processing (EDP) problems.

F. **LATIS (Unregulated).**

LATIS (Loop Activity Tracking Information System) is an engineering tool used to maintain and improve outside plant. It accumulates monthly activity data from various plant sources, manual or mechanized in a region. Data inputs to LATIS consist of reports of loop plant activities representing actual or potential problems in the network and control information determining how these activities should be grouped on LATIS reports. LATIS is a batch application and provides monthly reports. One software release is scheduled each year with intermediate releases sent when there are emergencies or SOE changes. KCDC provides field support for both user and EDP problems. Clients are RBOCs, SNET and CBT.

G. **FRAMEMATE (Regulated and Unregulated).**

FrameMate℠ is a software application supporting Central Office distributing frames. It supports the main distributing frame in the office and keeps limited information about other frames with ties to the main frame. The main function of the software is to determine where on the frame cable pairs and line equipment should be mounted to provide the best distribution to maximize the life of the frame and ease of operation for the frame attendants. It interfaces with Computer System for Mainframe Operations (COSMOS), providing frame location of the cables and equipment, and creates several paper reports.

The data, input via a Personal Computer (PC) interface, is written to a file and uploaded via a modem to the KCDC mainframe. The main frame code processes the data, updates the master file for the central office, and prints the output reports, which are mailed to the requesting engineer. The output includes a frame drawing (a pictorial description of what the frame looks like and what data is terminated on the frame), a directory listing (a tabular listing of what data is terminated on the frame), a cable running list (a list of locations for an installer to use to determine where cables should be run), and a set of frame labels (adhesive labels which can be applied to the frame itself).

The FrameMate℠ group consists of software and user support for the application. KCDC developed the software and maintains it, including periodic enhancements at users' requests. User support is also provided via hotline and by processing the data and handling the return of the output reports. Clients are SWBT, NYNEX and US West.

H. **Marketing of Systems to Outside Clients (Unregulated).**

A small percentage of KCDC resources are dedicated to marketing existing services (such as FrameMateSM) and seeking new customers.

I. **LECTORS (Regulated).**

Lectors (Local Exchange Carrier Termination/Originating Ratio System) is a report generating system. The KCDC provides software support. LECTORS reports are used by network personnel to determine network usage. For example, this data can be used in determining design changes in the network to avert future network bottlenecks. LECTORS was brought into the KCDC with the intent to sell the service to other users. At this time, SWBT is the only user of the system.

J. **SWBT (Regulated).**

A minor portion of the total KCDC resources are utilized for SWBT functions, including the managing of internal corporate networks by the Network Control Center (NCC). There is also a Customer Service Support (CSS) organization that provides consulting to internal SWBT clients regarding information technology. CSS also provides mini-computer support for disaster recovery purposes for the St. Louis Data Center.

QUESTIONS 6-7. Explain and demonstrate how total costs for the Kansas City Data Center and the St. Louis Data Center were apportioned among the services listed above. If allocation factors

were used to apportion costs, give the basis and rationale for each of these factors.

Response: The following response addresses activities in only the KCDC. St. Louis data center resources are fully dedicated to the SMS/800 client. Expenses incurred by the Kansas City Data Center are split into the following categories: Hardware, Software, Personnel, Floorspace, Investment, Network, and Miscellaneous. Details on cost allocation are explained below.

Hardware. Hardware expenses include lease, maintenance, usage (such as costs associated with the use of a printer), and miscellaneous costs (such as movement of equipment, re-cabling and electrical work). Costs associated with equipment used by a single client are allocated 100 percent to that client. Shared equipment is pro-rated. Following is a list of hardware, with an explanation of how the expense of each item is allocated.

1. Central Processor (CP)--System Maintenance Facilities (SMF) records how much computer time is used by each of the participating clients. Percentage of use figures then determine allocation of expenses of lease and maintenance for the CP. Current CP usage allocations are provided in Exhibit D.

2. DISK--The KCDC uses the Disk of three vendors: AMDAHL, Hitachi and IBM. Since only SMS/800 data resides on the AMDAHL Disk, SMS/800 is responsible for all AMDAHL expenses. Data required to run the system is located on the Hitachi Disk. Expenses for the Hitachi Disk are allocated according to Central Processor usage (measured by SMF). The IBM Disk contains client service information. Expenses are billed according to how much

client data resides on the disk. Statistics are collected by a program called Disk Management System in which information concerning data residing on the IBM Disk is apportioned among the client services. Percentages of client usage are summarized on a quarterly basis. Current allocations for each of these Disk types are shown in Exhibit D.

3. TAPE measures the number of Execute Channel Programs (EXCPs)--how many times each client reads and writes to a tape using the tape drive--issued by each client. SMF shows the number of EXCPs used by each client. Expenses are allocated to clients based on these percentages. Billing of tape purchases is pro-rated among clients sending tapes out of the data center. For example, SMS/800 is the only application that generates and sends out 9-Track tapes and is therefore responsible for 100% of the expense of such tapes. Current tape related expense allocations are shown in Exhibit D.

4. Teleprocessors (telecommunication controllers), with one exception, are dedicated to a single client. All expenses for these controllers are allocated 100% to that client. Expenses for the other controller are allocated based on the number of client ports. For example, if there are 12 ports in total hooked up to this controller, and if three of those ports belong to Client A, Client A will be responsible for 25% of expenses. 7171 telecommunication controllers are used predominately by individual users requiring access to the mainframe system from a personal computer outside of the data center facilities. All but one of the 7171 telecommunication controllers are dedicated entirely to a specific client. The other 7171 is accessed outside the data

center by various data center personnel. The most equitable manner distributing the 7171 related expenses is by using "miscellaneous splits," which are determined by the percentage of personnel dedicated to each application. Clients with higher head counts generally have more usage of the 7171--when work is required from outside of the data center facilities. Current telecommunication controller allocations can be found in Exhibit D.

5. Main Frame Printers, as their name implies, are connected directly to the mainframe for high volume and fast output. Allocations are based on the number of pages printed for each client. SMF supplies these figures. Clients are then billed accordingly. These statistics are generated monthly and applied to the billing allocations quarterly to ensure that minor fluctuations do not affect general billing. Current printer allocations can be found in Exhibit D.

6. Miscellaneous terminals and line printers are located throughout the data center, including line printers in work areas and terminals at employee desks. Cost allocation is based upon the number of personnel dedicated to each client service. For example, if 30% of data center personnel is dedicated to service A, then that service will be responsible for 30% of all costs associated with the lease and or maintenance of all terminals and line printers. Current terminal and line printer allocations can be found in Exhibit D.

7. A workstation is a form of PC used for testing client programs and for monitoring system activities. KCDC has two workstations. One is dedicated 100% to one client, and costs are allocated accordingly. The other workstation is used to monitor

network errors for two clients. Expenses are allocated to that workstation according to the number of terminals belonging to each client. Current workstation allocations can be found in Exhibit D.

8. Telenex equipment is a matrix switch used to monitor and switch telecommunication lines in the KCDC. The most equitable manner to allocate expenses for this device is according to the number of lines connected to this equipment for each of the sharing clients. Current Telenex allocations can be found in Exhibit D.

9. EMCOM equipment is used to troubleshoot and report on telecommunication lines. EMCOM consists of two separate pieces of hardware, both of which are used exclusively by a particular client. All expenses of each piece of equipment are allocated to the participating client. Current allocation usage for EMCOM equipment can be found in Exhibit D.

10. The Data Switch allows multiple central processor access to input and output (I/O) devices (Disk, Tape, Printers, etc.). Central processor usage percentages are used to allocate data switch expenses, because the greater the use of the central processor, the greater the need for I/O devices. Current data switch allocation percentages can be found in Exhibit D.

11. St. Louis Hardware (all equipment located in St. Louis for the SMS/800 client service) is dedicated solely to SMS/800. This equipment "backs up" the SMS/800 service for disaster recovery. One hundred percent of the expenses for this equipment is allocated to SMS/800.

Software. Software expenses include monthly and annual lease and maintenance payments, along with one-time charges for various

software packages. Software packages used exclusively by one client are billed 100% to that client. Several software packages are shared among different clients, as explained below.

1. System Software supports the operating system and is allocated based on SMF Central Processor usage statistics. System software allows the client to access and manipulate data. Thus, a client making heavy use of the Central Processor will also access system data sets at the same rate. Current system software allocation percentages can be found in Exhibit D.

2. Information Management System (IMS) supports an on-line data base system used by two clients of the KCDC. SMF measures IMS usage. The more a client accesses IMS, the more the client accesses the IMS software. SMF usage statistics allocate costs between the participating clients. Current IMS software allocation percentages can be found in Exhibit D.

3. Programmers' Tools help ensure consistency and integrity among the client programs. Programmer tool software packages are allocated to clients performing in-house programming based on lines of code and weighted according to contractual importance. For example, a client service that contains 100,000 lines of code that needs to be verified by a programmer tool should incur a greater expense than a client server with 100 lines of code. It is also important to allocate more expenses to those applications with a contractual stipulation requiring the use of a programmer tool. This ensures an objective allocation of the expenses to the client services. Current Programmers' Tools software allocation percentages can be found in Exhibit D.

Personnel. Personnel expenses consist of salaries and wages of KCDC employees, plus "loadings" for administrative overheads such as expenses for corporate planning, payroll activities and legal services. Overtime, merit increases, social security, relief, pensions and cost of living adjustments are covered as well. Personnel expenses are allocated among clients by determining the percentage of personnel allocated to the client at each management and non-management level. This percentage is applied to the total personnel costs incurred at each of these levels. Personnel allocations are updated at least every three months or whenever a personnel change occurs. Below is a brief description of the different personnel allocations used in the KCDC.

1. Dedicated Personnel--Some KCDC personnel work exclusively on one client service. These expenses are allocated 100% to that client service.

2. Tape Pool Personnel--Allocations are based on time studies and historical observation showing that these personnel spend 75% of their time mounting tapes and 25% of their time printing output. To ensure an equitable distribution of this time to the client services, tape mounts and printed output statistics from SMF are determined and percentages for each application are applied to these positions.

3. Tape Library Personnel--Duties in the tape library were determined to be 30% preparing tapes to be placed at a safe off-premise location, 30% preparing tapes to be accessible for use by the applications, 25% preparing tapes to be mailed to outside client services, and 15% performing miscellaneous tape library

responsibilities. Logs are used in each area to ensure accurate measurements.

4. Console Operators--Major activities in this area are 25% monitoring data transmission lines, 25% monitoring active jobs running on the system, 25% performing problem resolution with jobs that have failed, and 25% performing central processor system related activities. Statistics concerning client use are obtained for the number of characters transmitted and received, the number of jobs run each month, the number of jobs that have completed abnormally, and central processor utilization. All of these statistics are broken down to percentage allocation for each client. This ensures an equitable application of wage expenses.

5. Billing and Budget--Billing and budgeting personnel expense allocations are based 40% on central processor utilization (as collected by SMF) and 60% on personnel allocations (based on the personnel allocations of the four top managers in the data center). There are more bills for the bigger applications with more equipment, and the top four managers represent the personnel splits for all of their groups. This allocation helps ensure an equitable distribution of expenses.

6. Training--Training allocations are based on the personnel splits of all non-management personnel except those working in administration. This ensures a fair representation of personnel requiring training. The more one works on an application, the more that application should be responsible for training.

7. Customer Service Support (CSS)--Allocations for CSS personnel are determined through historical observation and work

logs. Expenses for these salaries are thus allocated to those clients requiring more of the CSS employees' time.

8. Network Control Center (NCC)--Allocations for NCC personnel are determined through historical observation and time studies, including time spent resolving client problems and monitoring client network lines. These times are broken down into allocation percentages and applied to the personnel expenses.

9. Administrative--Administrative Personnel splits are based on district level allocations, which in turn are based on entire data center splits. This fairly distributes administrative costs to all clients according to total data center usage.

10. Managers--Most of expense allocations for management personnel are based on number of subordinates. This ensures that allocations are a fair representation of all work performed by a particular group.

Overall personnel allocations can be found in Exhibit D.

Floorspace. Floorspace expenses include heating, maintenance and cleaning. Expenses are divided into two areas: (1) administrative and (2) computer floorspace. Administrative floorspace expenses are determined by the allocated headcount (discussed above) for each of the client services. Computer area floorspace is allocated via the usage statistics of the central processor previously described. Headcount and central processor usage are representative allocators to distribute these expenses to clients. Internal users are not directly billed for floorspace but rather are billed through cross charges using internal SWBT methods. Current floorspace allocations can be found in Exhibit D.

Investment. Investment items include (1) capital hardware purchases made for clients and (2) land and building expenses. Hardware purchase expenses include depreciation, cost of money and miscellaneous administrative costs. These fees are allocated to clients depending on the type of hardware billed. Hardware uses the same allocation breakdown as described in the hardware section above. Capital expenses consist of annual fees charged against the purchase price of each piece of equipment, including depreciation and cost of money.

Network. Network expenses include the cost of phone numbers (Dial-ups) interconnected to the 7171 communication controllers, T1/3s, Circuit Terminating Arrangements and miscellaneous Central Office Equipment. None of the network expenses is shared among clients. The owner of network expense is responsible for 100% of costs.

Miscellaneous. Miscellaneous expenses include the cost of travel, training, conferences, awards, pager services, long distance phone service, tape storage, administrative supplies, contracted services (including contracted programming personnel), reference manuals/periodicals, express mail services, voice mail, presentation material, and minor non-capital hardware purchases. A majority of miscellaneous expenses is incurred by a single client; each such expense is thus billed 100% to that client. For example, all costs associated with sending an SMS/800 user a tape are charged to SMS/800. Other miscellaneous expenses are divided among the clients, depending on the type of expense incurred.

Expenses benefiting all data center needs are charged according to personnel allocated to each client. For example, voice box expenses used by all KCDC personnel are billed to all clients based on the clients' miscellaneous personnel service splits, the same split used to bill miscellaneous hardware expenses. Current miscellaneous allocations can be found in Exhibit D.

QUESTION 8. List and describe each service supported by the Kansas City Data Center and the St. Louis Data Center after the introduction of 800 number portability on May 1, 1993.

Response: Services and factors remained the same before and after the May 1 conversion to number portability. See answer to question 5.

QUESTION 9. For each service listed in the answer to question 8, demonstrate how total data center costs were apportioned.

Response: Services and factors remained the same before and after the May 1 conversion to number portability. See answer to question 6.

QUESTION 10. If allocation factors were used to apportion costs, give the basis for and justify the use of each factor.

Response: Services and factors remained the same before and after the May 1 conversion to number portability. See answer to question 7.

QUESTION 11. Explain the nature of the contract between Southwestern Bell and the other Bell Operating Companies under

which Southwestern Bell maintains the SMS/800 data base and for billing. Provide the anticipated charges to be assessed by Southwestern for the SMS to the Bell Operating companies for the period May 1, 1993 through April 30, 1994.

Response: SWBT will be executing the Service Agreement for the provision and support of the SMS/800 Data Base within 60-90 days. The agreement will be dated August 1, 1992, and will be between SWBT and the other Bell Operating Companies, all acting by and through their duly authorized representative, Database Service Management, Inc. (DSMI). DSMI will compensate SWBT but will not be obligated to pay any charges beyond the agreed budget plus five percent for that calendar year, unless the charges result from DSMI's request for additional hardware, software, or services. DSMI may at any time direct SWBT to provide more, less, or different hardware, software, or services than those specified in the agreement and/or budget for any year. SWBT will advise DSMI of the impact of requested and all additional or decreased changes. SWBT will submit to DSMI in April a proposed budget for the following calendar year and a finalized budget by September 1 of the current year. The budget will specify hardware, software, and services projected charges. Each month SWBT will submit a bill to DSMI for the services rendered and charges incurred during the preceding month. The bill will include supporting details.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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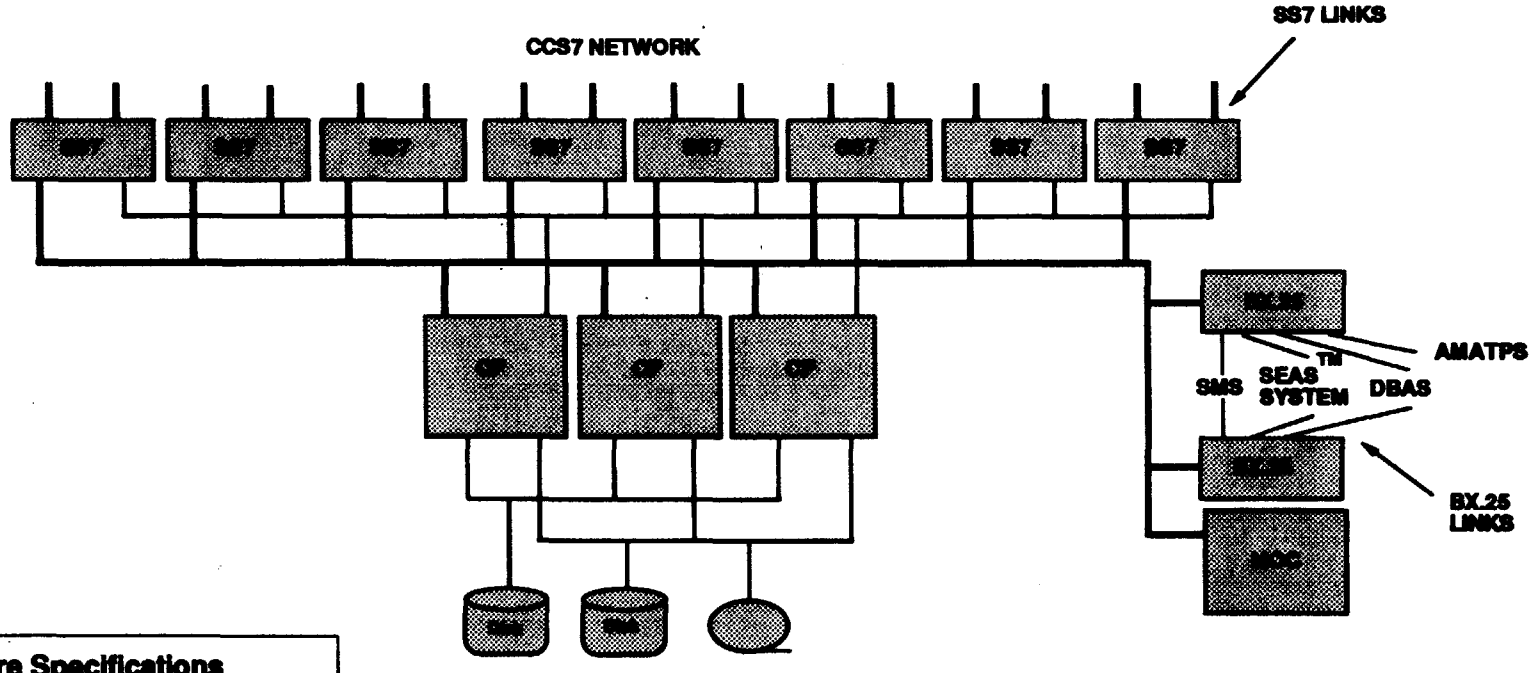
September 20, 1993

Bellcore SCP Architecture

3rd Generation

8x3 VAX6510
(450 CMSDB q/s)



Architecture Specifications	
CP	VAX 6510
SS7	MV3305
BX.25	BX.25 Router
Storage Bus	DSSI
Disk Controller	N/A
Disk	RF73 (2.0 GB)
MOC	VS3100-76

Exhibit A